

Message Text

UNCLASSIFIED

PAGE 01 COLOMB 02672 120952Z

ACTION NEA-11

INFO OCT-01 EUR-12 EA-12 ISO-00 AID-05 CIAE-00 COME-00

EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04

OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 L-03 H-02

NSC-05 SS-15 STR-07 CEA-01 PA-02 AGRE-00 /133 W

-----030659 120956Z /17

R 090930Z JUN 78

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 571

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON 1795

AMEMBASSY NEW DELHI

AMEMBASSY SINGAPORE

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL HONG KONG

AMCONSUL KARACHI

AMCONSUL MADRAS

UNCLAS COLOMBO 2672

E.O. 11652: N/A

TAGS: EGEN, PINT, CE

SUBJ: FINANCIAL TIMES SURVEY OF SRI LANKA

1. THE MAY 31 EDITION OF THE LONDON FINANCIAL TIMES CARRIED AN EIGHT PAGE SURVEY WHICH THE EMBASSY RECOMMENDS TO THOSE INTERESTED IN ECONOMIC AND POLITICAL DEVELOPMENTS IN SRI LANKA. IN A SERIES OF ELEVEN ARTICLES, THE FINANCIAL TIMES REVIEWS THE ELECTORAL VICTORY OF THE UNITED NATIONAL PARTY (UNP) AND THE NEW GOVERNMENT'S EFFORTS AT CONSTITUTIONAL AND ECONOMIC REFORM. THE ARTICLES ARE REASONABLY WELL BALANCED AND COULD BE CHARACTERIZED AS CAUTIOUSLY PESSIMISTIC IN TONE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 COLOMB 02672 120952Z

2. THE SURVEY STATES THAT PRESIDENT JAYEWARDENE HAS TWO GOALS:

1) TO INCREASE EXECUTIVE AUTHORITY IN ORDER TO MAKE THE UN-POPULAR DECISIONS NEEDED FOR ECONOMIC DEVELOPMENT, AND 2) TO CREATE ENOUGH JOBS TO RENDER UNNECESSARY MANY OF THE COUNTRY'S PROHIBITIVELY EXPENSIVE WELFARE PROGRAMS. WHILE THE BASIC PORTION OF HIS POLICIES ARE CONSIDERED TO BE IN THE RIGHT

DIRECTION, THE SURVEY FINDS FEW POSITIVE RESULTS SO FAR.

3. IN DISCUSSING THE UNEMPLOYMENT PROBLEM, THE SURVEY STATES THAT THE ECONOMY WOULD HAVE TO HAVE A REAL GROWTH OF 7 PERCENT A YEAR JUST TO ABSORB NEW ENTRANTS INTO THE LABOR FORCE. AN EVEN HIGHER GROWTH RATE WOULD BE REQUIRED TO REDUCE THE EXISTING BLOCK OF OVER ONE MILLION UNEMPLOYED. EVEN SO, THE GOVERNMENT'S HOPED FOR GROWTH RATE IS ONLY 5.5 PERCENT, WHICH THE TIMES DESCRIBES AS "AMBITIOUS." ONE ARTICLE POINTS OUT THAT TO REACH THE PROJECTED GOAL OF RS. 60 BILLION (\$3.75 BILLION) IN PUBLIC AND PRIVATE SECTOR INVESTMENT THROUGH 1982, THE REAL VALUE OF SUBSIDIES WOULD HAVE TO BE REDUCED BY TWO-THIRDS. THE TIMES, HOWEVER, SEES NO PLANNED PROGRAM TO PHASE OUT SUBSIDIES, BUT RATHER "AN ATTITUDE OF ALMOST NAIVITE ABOUT HOW SUBSIDIES MIGHT EVENTUALLY DISAPPEAR."

4. IN AGRICULTURE, THE SURVEY DOUBTS THAT RECENT GROWTH RATES CAN BE MAINTAINED DUE TO THE PRICE DISTORTIONS CAUSED BY SUBSIDIZED FLOUR AND THE LOW PRICE PAID TO PADDY FARMERS. WHILE RECOGNIZING THE POLITICAL APPEAL OF THE MAHAWELI PROJECT, THE TIMES BELIEVES THERE ARE OTHER, CHEAPER METHODS OF RAISING AGRICULTURAL OUTPUT AND EMPLOYMENT. THE MINISTRY OF AGRICULTURE IS REPORTED TO CONSIDER "THE 50,000 NEW ACRES BECOMING AVAILABLE ANNUALLY ... TO BE MORE THAN CAN BE BROUGHT UNDER CULTIVATION EACH YEAR IN TERMS OF FARMERS, SEED AND FERTILIZER." HOW THE SETTLEMENT OF NEW LANDS WILL BE HANDLED
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 COLOMB 02672 120952Z

IS A "GREAT UNKNOWN." WHILE THE GOVERNMENT HAS MADE SOME EFFORTS TO RESUSCITATE THE TEA INDUSTRY, "THE TEA ESTATES ARE STILL IN A MESS."

5. ON THE POLITICAL SIDE, THE SURVEY CONSIDERS THE TAMIL PROBLEM AS THE MOST SERIOUS CHALLENGE TO THE GOVERNMENT'S STABILITY. THERE ARE CONSIDERABLE FEARS OF A FRESH OUTBREAK OF COMMUNAL VIOLENCE EVEN WORSE THAN LAST AUGUST'S RIOTING. THE TIMES DOUBTS THAT PRESIDENT JAYEWARDENE CAN EVEN BEGIN TO SATISFY TAMIL DEMANDS FOR GREATER AUTONOMY WITHOUT ALIENATING THE SINHALESE MAJORITY. LEVIN

NOTE BY OC/T: TELEGRAM DELAYED IN TRANSMISSION.

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, GOVERNMENT REFORM, CONSTITUTION, SURVEYS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978COLOMB02672
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780244-1020
Format: TEL
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780678/aaaacovb.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 10e9c58c-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2422440
Secure: OPEN
Status: NATIVE
Subject: FINANCIAL TIMES SURVEY OF SRI LANKA
TAGS: EGEN, PINT, ECON, CE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/10e9c58c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014